

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

ESTHER SADOWSKY TESTAMENTARY TRUST,
Derivatively on Behalf of Federal Home Loan Mortgage
Corp.,

Plaintiff,

v.

RICHARD R. SYRON, ANTHONY S. PISZEL,
EUGENE M. McQUADE, MARTIN BAUMANN,
BARBARA T. ALEXANDER, GEOFFREY T. BOISI,
MICHELLE ENGLER, ROBERT R. GLAUBER,
RICHARD KARL GOELTZ, SHAUN F. O'MALLEY,
THOMAS S. JOHNSON, STEPHEN A. ROSS,
WILLIAM M. LEWIS, JR., AND NICOLAS P.
RETSINAS,

Defendants,

and

FEDERAL HOME LOAN MORTGAGE
CORPORATION

Nominal Defendant.

08 Civ. 05221 (BSJ) (JCF)

STATUS REPORT

Pursuant to the Court's order dated February 2, 2011, the Federal Housing Finance Agency ("FHFA" or "Conservator") as Conservator for the Federal Home Loan Mortgage Corporation ("Freddie Mac") hereby submits this status report, stating:

1. This proceeding has been effectively stayed since May 6, 2009, at which time the Court ordered that the Conservator be substituted in place of the shareholder derivative plaintiff. *See* Doc. # 75 (substitution order); Doc. ## 84, 90, 92, 93 (extending deadlines and staying case). Since that time, a Special Litigation Committee ("SLC"), originally appointed by Freddie Mac's

Board of Directors prior to FHFA being appointed as Conservator, has completed a thorough factual and legal investigation to enable the Conservator to effectively evaluate the claims at issue in this case. The Conservator authorized the work of the SLC to continue and re-constituted its membership.

2. The SLC's investigation is now complete and, on February 25, 2011, the SLC submitted its report to the Conservator. The report informed the Conservator of the SLC's determination that maintenance of this derivative proceeding is not in the best interests of Freddie Mac.

3. The Conservator, which is statutorily charged with the responsibility to "preserve and conserve the assets and property" of Freddie Mac, 12 U.S.C. § 4617(b)(2)(B)(iv), has reviewed the SLC's report and agrees with the SLC's determination. Accordingly, the Conservator has concluded that maintenance of this lawsuit is inconsistent with its responsibilities as Conservator and not in the best interests of Freddie Mac.

4. Accordingly, the Conservator will file within fourteen days – by March 16, 2011 – a motion for voluntary dismissal of this lawsuit without prejudice.

Dated: March 2, 2011

Respectfully Submitted,

Of Counsel:

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